

# The Gazette of India

## EXTRAORDINARY PART II—Section 2 PUBLISHED BY AUTHORITY

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No. 8] NEW DELHI, SATURDAY, FEBRUARY 27, 1954

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### HOUSE OF THE PEOPLE

The following Bill was introduced in the House of the People on the 27th February, 1954:—

BILL\* No. 9 OF 1954.

*A Bill to give effect to the financial proposals of the Central Government for the financial year 1954-55.*

BE it enacted by Parliament as follows:—

**1. Short title.**—This Act may be called the Finance Act, 1954.

**2. Income-tax and super-tax.**—The provisions of section 2 of the Finance Act, 1951 (XXIII of 1951) as originally enacted, and the provisions of the First Schedule thereof as amended by clause (b) of section 2 of the Finance Act, 1953 (14 of 1953), shall apply in relation to income-tax and super-tax for the financial year 1954-55 with the modifications that,—

(a) references in the Finance Act, 1951 (XXIII of 1951), to the year beginning on the 1st day of April, 1951, shall be construed as references to the year beginning on the 1st day of April, 1954;

(b) references in the said Act to the Finance Act, 1950 (XXV of 1950), shall be construed as references to the Finance Act, 1953 (14 of 1953); and

(c) references in the said Act and the First Schedule thereof to the year ending on the 31st day of March, 1952, shall be construed as references to the year ending on the 31st day of March, 1955.

**3. Amendment of Act XI of 1922.**—With effect from the 1st day of April, 1954, the following amendments shall be made in the Indian Income-tax Act, 1922, namely:—

(a) in section 4—

(i) in sub-section (1), in clause (i) of the fifth proviso, for the figures "1954", the figures "1956" shall be substituted;

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\*The President has, in pursuance of clauses (1) and (3) of article 117 and clause (1) of article 274 of the Constitution of India, recommended to the House] of the People, the introduction and consideration of the Bill

(ii) in sub-section (3)—

(a) in clause (xii), for the figures "1954", the figures "1956" shall be substituted;

(b) after clause (xix), the following clause shall be inserted, namely:—

"(xx) any income from interest payable without the taxable territories on a loan issued for public subscription before the 1st day of April, 1938, where such interest is payable to a person not resident in the taxable territories, but such income shall not be excepted from being included in his total world income notwithstanding anything in clause (15) of section 2;"

(b) in section 10, in sub-section (2), in sub-clause (a) of clause (vi), for the figures "1954", the figures "1956" shall be substituted;

(c) in section 15C, in clause (ii) of sub-section (2), for the word "six", the word "eight" shall be substituted.

**4. Amendment of Act 34 of 1953.**—In the Estate Duty Act, 1953, the following amendments shall be made, and shall be deemed to have been made with effect from the 15th day of October, 1953, namely:—

(a) in section 5, in sub-section (1), after the words "which passes", the words "or is deemed to pass" shall be inserted;

(b) in section 33, in sub-section (1),—

(i) in clause (f), the words "but not exceeding rupees fifty thousand" shall be omitted;

(ii) in clause (g), the words "but not exceeding rupees fifty thousand" shall be omitted, and the following proviso shall be inserted at the end, namely:—

Provided that the moneys in respect whereof no estate duty shall be payable under both clauses (f) and (g) shall not exceed rupees fifty thousand in the aggregate."

**5. Amendment of Act XXXII of 1934.**—(1) The Indian Tariff Act, 1934 (XXXII of 1934), shall be amended in the manner specified in the First Schedule.

(2) For the removal of doubt, it is hereby declared that nothing contained in the proviso to section 4 of the Indian Tariff (Amendment) Act, 1949 (I of 1949), shall affect the operation of clause (c) of Part I of the First Schedule.

**6. Additional duties of Customs.**—When any goods chargeable with a duty of Customs under the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934), or under that Schedule read with any notification of the Central Government for the time being in force, are assessed to duty, there shall, up to the 31st day of March, 1955, be levied and collected as an addition to, and in the same manner as, the total amount so chargeable—

(a) a sum equal to 155 per cent. of such amount, in the case of goods comprised in Items Nos. 22(2) and 22(4);

(b) a sum equal to 55 per cent. of such amount, in the case of goods comprised in Items Nos. 48, 48(2), 48(6) and 51(2), and in the case of textile manufactures specified in Item No. 49 when made wholly or mainly of any of the fabrics specified in Items Nos. 48, 48(1), 48(4), 48(5), 48(7) or 48(10);

(c) a sum equal to 45 per cent. of such amount, in the case of goods comprised in Item No. 47(2);

(d) a sum equal to 25 per cent. of such amount, in the case of goods comprised in any of the Items of the said Schedule other than those specified in clauses (a), (b) and (c) of this section or in the Second or the Third Schedule to this Act; and

(e) a sum equal to 5 per cent. of such amount, in the case of goods comprised in any of the Items of the said Schedule specified in the Third Schedule to this Act.

**7. Amendment of Act I of 1949.**—In the Indian Tariff (Amendment) Act, 1949 (I of 1949), in sections 4 and 5, for the figures "1954", the figures "1955" shall be substituted.

**8. Amendment of Act I of 1944.**—With effect from the 28th day of February, 1954, the following amendments shall be made in the First Schedule to the Central Excises and Salt Act, 1944 (I of 1944):—

(a) for Item No. 12, the following Items shall be substituted, namely:—

**"12. COTTON CLOTH—**

"Cotton cloth" means any type of cloth manufactured either wholly from cotton or partly from cotton and partly from any other material, but does not include—

- (i) ready made clothing other than dhoties and sarees ;
- (ii) hosiery ;
- (iii) leather cloth and inferior or imitation leather cloth ordinarily used in book-binding ;
- (iv) tracing paper ;
- (v) cloth manufactured partly from cotton and partly from wool and containing 40 per cent. or more of wool by weight ;
- (vi) cloth manufactured partly from cotton and partly from rayon or artificial silk and containing 60 per cent. or more of rayon or artificial silk by weight ;
- (vii) rubberised or synthetic waterproof fabrics whether single-textured or double-textured ; and
- (viii) handloom cloth.

(i) Superfine cloth—

that is to say, cloth in which the count of warp yarn (whether single or folded) is 48s or finer.

Two annas  
and six pies  
per yard.

## (2) Fine cloth—

that is to say, cloth in which the count of warp yarn (whether single or folded) is 35s or finer but does not exceed 47s. One anna and six pies per yard.

## (3) Medium cloth—

that is to say, cloth in which the count of warp yarn (whether single or folded) is 27s or finer but does not exceed 34s. Six pies per yard.

## (4) Coarse cloth—

that is to say, all other cloth in which the count of warp yarn (whether single or folded) does not exceed 26s. Six pies per yard.

## 12A. RAYON OR ARTIFICIAL SILK FABRICS—

“Rayon or Artificial Silk Fabrics” include all varieties of fabrics manufactured either wholly or partly from the product commercially known as rayon or artificial silk, but do not include any fabric containing— One anna and six pies per yard.

(i) less than 60 per cent. of rayon or artificial silk by weight, if mixed with cotton ;

(ii) less than 40 per cent. of rayon or artificial silk by weight, if mixed with any yarn other than cotton.”

(b) after Item No. 14, the following Items shall be inserted, namely:—

## “15. CEMENT, all varieties—

Rupees five per ton.

## 16. SOAP, produced in a factory ordinarily using power—

“Soap” includes all varieties of the product known commercially as soap,—

## (1) Soap, household and laundry—

(a) in plain bars of not less than one pound in weight . . . . . Rupees five and annas four per cwt.

(b) other sorts . . . . . Rupees six and annas two per cwt.

(2) Soap, toilet . . . . . Rupees fourteen per cwt.

(3) Soap not otherwise specified . . . . . Rupees fourteen per cwt.

17. **FOOTWEAR**, produced in any factory as defined in the Factories Act, 1948 (Act LXIII of 1948).

"Footwear" includes all varieties of footwear, whether known as boots, shoes, sandals, chappals, or by any other name. Ten per cent.  
*ad valorem.*

**9. Amendment of Act 12 of 1953.**—In section 2 of the Khadi and Other Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953, for clause (b), the following clause shall be substituted, namely:—

"(b) 'cloth' means cotton cloth and rayon or artificial silk fabrics as defined in the First Schedule to the Central Excises and Salt Act, 1944 (I of 1944)."

**10. Additional duties of excise.**—The provisions of section 8 of the Finance Act, 1951 (XXIII of 1951), shall continue in force up to the 31st day of March, 1955, and accordingly in that section for the figures "1954" as substituted therein by section 7 of the Finance Act, 1953 (14 of 1953), the figures "1955" shall be substituted.

**11. Certain duties of excise to apply to existing stocks also.**—The amendments made by sections 8 and 9 shall apply to rayon or artificial silk fabrics, cement, soap and footwear lying in stock on the 28th day of February, 1954, in any factory or other premises where the said articles are manufactured or produced, or in any premises appurtenant thereto, as they apply to the same articles manufactured or produced on or after the said date.

**12. Discontinuance of salt duty.**—For the year beginning on the 1st day of April, 1954, no duty shall be levied on salt manufactured in, or imported by sea or land into, the territory of India excluding the State of Jammu and Kashmir.

*Declaration under the Provisional Collection of Taxes Act, 1931*  
(XVI of 1931).

It is hereby declared that it is expedient in the public interest that the provisions of clauses 5, 6, 7, 8, 9, 10 and 11 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931 (XVI of 1931).

## THE FIRST SCHEDULE

(See section 5)

### PART I

In the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934),—

(a) in Item No. 9(3), in the second column, after the word "Cardamoms", the word "cassia" shall be inserted.

(b) in Item No. 9(5), for the entries in the fourth and sixth columns, the entries "Re. 1-1-3 per lb." and "Re. 1 per lb." shall respectively be substituted.

(c) item No. 9(7) shall be omitted.

(d) in Item No. 28(12), for the entry in the fourth column, the entry "36 per cent. *ad valorem*" shall be substituted.

(e) in Item No. 30(6), for the entry in the fourth column, the entry "20 per cent. *ad valorem*" shall be substituted.

(f) in Item No. 32(2), for the entries in the fourth column against sub-items (a) and (b), the entries "Rs. 7 per cwt." and "Rs. 10-2-0 per cwt." shall respectively be substituted.

(g) in Item No. 37(1), in the second column, the words "Leather cloth, including artificial leather, and other" shall be omitted.

(h) in Item No. 44(4), for the entry in the fourth column, the entry "66½ per cent. *ad valorem*" shall be substituted.

(i) in Item No. 50(3), for the entry in the fourth column, the entry "10 per cent. *ad valorem*" shall be substituted.

(j) item No. 61(a) shall be omitted.

(k) in Item No. 71(13), for each of the entries in the fourth column, the entry "66½ per cent. *ad valorem*" shall be substituted.

(l) in Item No. 72, in sub-item (e) in the second column, the word "conduits" shall be omitted.

(m) in Item No. 72(3), after the words "for any other purpose" the words "but excluding small tools, like twist drills and reamers, dies and taps, gear cutters and hacksaw blades" shall be inserted.

(n) in Item No. 73(6),—

(i) in the second column for the words "Rubber-insulated", the words "Plastic-insulated and rubber-insulated" shall be substituted; and

(ii) for the entry in the fourth column, the entry "20 per cent. *ad valorem*" shall be substituted.

(o) in Item No. 73(16), for the entries in the fourth column against sub-items (a) and (b), the entries "50 per cent. *ad valorem*" and "60 per cent. *ad valorem*" shall respectively be substituted.

(p) in Item No. 73(17), for the entries in the fourth column against sub-items (a) and (b), the entries "50 per cent. *ad valorem*" and "60 per cent. *ad valorem*" shall respectively be substituted.

(q) in Items Nos. 75(1), 75(9), 75(10), 75(11), 75(12) and 75(14), in the entries in the third column, the word "preferential" shall be omitted wherever it occurs, and the corresponding entries in the fifth column shall be omitted.

(r) in Item No. 77(4), to the existing entry in column 2, the words "not otherwise specified" shall be added.

## PART II

In the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934), for Items Nos. 63(12), 63(15), 63(18), 72(14), 72(35) and 73(15), the following Items shall be substituted, and such substitutions shall be inserted in their appropriate places :—

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom	A British Colony	
63(12)	Iron or steel bolts and nuts including hook-bolts and nuts for roofing and fish bolts and nuts, but excluding machine screws.	Revenue	50 per cent. <i>ad valorem</i> .			
63(15)	Iron or steel rivets	Revenue	50 per cent. <i>ad valorem</i> .			
63(18)	(a) Iron or steel pipes and tubes not otherwise specified.	Revenue	20 per cent. <i>ad valorem</i> .			
	(b) Fittings for iron or steel pipes and tubes falling under Item 63(18) (a), that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like, but excluding fittings otherwise specified.	Revenue	31 1/4 per cent. <i>ad valorem</i> .			
72(14)	(a) The following electric motors, namely, Squirrel cage induction motors of a brake-horse-power not exceeding 20, including fractional brake-horse-power.	Protective	10 1/2 per cent. <i>ad valorem</i> .			December 31st, 1954.
	(b) Component parts of electric motors as defined in Item 72(14) (a), but excluding control gear for the same, provided that only such articles shall be deemed to be component parts as are essential for the working of the electric motors and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose.	Protective	20 per cent. <i>ad valorem</i> .			December 31st, 1954.

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom	A British Colony	
72(35)	Ball bearings of all kinds not exceeding 2" bore diameter adapted for use as parts and accessories of motor vehicles other than motor cycles and motor scooters.	Protective	94 1/2 per cent. <i>ad valorem</i> .	..	..	December 31st, 1954.
73(15)	Batteries for motor vehicles (including batteries which are interchangeable for automobile purposes on the one hand and radio, telephone and telegraph on the other) and plates for such batteries.	Protective	45 1/2 per cent. <i>ad valorem</i> .	..	..	December 31st, 1955.



**PART III**  
In the First Schedule to the Indian Tariff Act, 1934—

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom	A British Colony	
(i) after Item No. 37 (1), the following Item shall be inserted, namely :—						
37(2)	Leather cloth, including artificial leather, and manufactures thereof not otherwise specified.	Revenue	50 per cent. <i>ad valorem.</i>	..	..	
(ii) after Item No. 73(17), the following Items shall be inserted, namely :—						
73(18)	Electric fans including air circulators but excluding those which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose.	Preferential	50 per cent. <i>ad valorem.</i>	40 per cent. <i>ad valorem.</i>	..	
73(19)	Conduits designed as parts of a transmission system, and their accessories and fittings.	Revenue	20 per cent. <i>ad valorem.</i>	..	..	
(iii) after Item No. 77(5), the following Item shall be inserted, namely :—						
77(6)	Spectacle frames, all sorts, other than spectacle frames made of or plated with gold and silver or with either of them and parts thereof.	Revenue	50 per cent. <i>ad valorem.</i>	..	..	
(iv) after Item No. 82(3), the following Item shall be inserted, namely :—						
82(4)	P. V. C. Sheets (that is to say, Polyvinyl Chloride sheets), unsupported.	Revenue	50 per cent. <i>ad valorem.</i>	..	..	

## THE SECOND SCHEDULE

(See section 6)

*Goods on which additional duty of customs is not leviable.*

Goods comprised in the following Items of the First Schedule to the Indian Tariff Act, 1934, namely :—

1(1), 2, 4 (1), 4 (3), 4 (4), 4 (5), 7 (1), 8 (1), 8 (4), 8 (5), 9 (5), 9 (6), 12 (6), 13 (8), 13 (9), 15 (5), 15 (9), 15 (10), 15 (11), 15 (12), 16, 16 (1), 16 (3), 19, 19 (1), 19 (2), 19 (3), 20, 20 (1), 20 (2), 20 (3), 20 (6), 20 (7), 21, 21 (4), 21 (5), 21 (6), 21 (7), 21 (8), 21 (9), 22 (3), 22 (5), 27 (1), 27 (3), 27 (4), 27 (9), 28A, 28 (14), 28 (21), 28 (22), 28 (23), 28 (24), 28 (25), 28 (26), 28 (26A), 28 (27), 28 (28), 28 (29), 28 (30), 30 (1), 30 (2), 30 (6), 30 (7), 30 (11), 30 (12), 30 (13), 31 (4), 31 (5), 32 (2), 37 (2), 40 (6), 40 (7), 44 (1), 44 (4), 44 (7), 45 (3), 45 (4), 45 (5), 48 (1), 48 (3), 48 (4), 48 (5), 48 (7), 48 (8), 48 (9), 48 (10), 49 (c), 49 (1), 49 (2), 51, 52, 52 (4), 53 (2), 54, 55 (1), 55 (2), 55 (3), 56, 56 (1), 59 (2), 59 (3), 59 (4), 59 (5), 60, 60 (4), 60 (5), 61, 61 (11), 63 (12), 63 (15), 63 (18), 70 (10), 70 (11), 71 (9), 71 (10), 71 (13), 72 (4), 72 (5), 72 (14), 72 (26), 72 (27), 72 (28), 72 (35), 73 (4), 73 (6), 73 (8), 73 (9), 73 (10), 73 (11), 73 (12), 73 (16), 73 (17), 73 (18), 73 (19), 74 (4), 75 (1), 75 (14), 76, 77 (2), 77 (4), 77 (6), 78 (1), 79, 82(4), 83, 84 (1), 85, 85 (2), 86, 86 (1).

## THE THIRD SCHEDULE

(See section 6)

*Goods on which additional duty of customs at 5 percent is leviable.*

Goods comprised in the following Items of the First Schedule to the Indian Tariff Act, 1934, namely :—

4, 8 (2), 9 (3), 11 (2), 11 (4), 11 (5), 11 (6), 13 (4), 15, 21 (3), 24, 24 (1), 24 (2), 24 (3), 25 (1), 27 (2), 27 (5), 27 (6), 27 (7), 27 (8), 28, 28 (4), 28 (8), 28 (12), 28 (15), 28 (16), 28 (17), 28 (18), 28 (19), 28 (20), 28 (31), 29, 29 (1), 30, 30 (9), 30 (10), 34 (3), 40 (4), 40 (5), 43, 44, 45, 46, 46 (3), 47, 50 (3), 55, 60 (2), 60 (3), 60 (6), 60 (7), 61 (2), 61 (3), 61 (8), 61 (9), 62 (1), 62 (2), 63 (14), 63 (30), 63 (31), 63 (32), 63 (33), 63 (34), 63 (35), 64, 64 (3), 64 (4), 65, 66, 66 (1), 67, 67 (1), 67 (2), 68, 68 (2), 69 (2), 70, 70 (1), 70 (2), 70 (3), 70 (4), 70 (5), 70 (6), 70 (9), 71 (2), 71 (3), 71 (7), 71 (8), 71 (11), 72, 72 (1), 72 (2), 72 (3), 72 (11), 72 (12), 72 (13), 72 (15), 72 (16), 72 (17), 72 (18), 72 (19), 72 (20), 72 (21), 72 (22), 72 (23), 72 (24), 72 (25), 72 (33), 72 (34), 73 (2), 73 (7), 73 (14), 73 (15), 74 (2), 75, 75 (2), 75 (3), 75 (5), 75 (6), 75 (7), 75 (8), 75 (9), 75 (10), 75 (11), 75 (12), 75 (13), 77 (5), 78, 82 (1), 82 (3), 84, 85 (1).

## STATEMENT OF OBJECTS AND REASONS

The object of this Bill is to give effect to the financial proposals of the Central Government for the next financial year and to provide for a few connected matters.

The Bill prescribes, as usual, the rates of income tax and super tax and surcharges thereon for the next financial year. It also continues certain concessions for a further period.

The Estate Duty Act, 1953, is also sought to be amended to make clear that property which is deemed to pass on death is as much subject to the payment of duty as property actually passing on death.

The amendments to the Indian Tariff Act, 1934, are for the purpose of increasing certain duties such as those on betelnuts, iron bolts, electric fans, spectacle frames, etc. and for the levy of a duty on quinine. Similarly the Central Excises and Salt Act is being amended to levy an excise duty on certain new articles like cement, soap and footwear and for the enhancement of the duties on cotton cloth.

The notes on clauses explain in detail the provisions in the Bill.

C. D. DESHMUKH.

NEW DELHI;

The 27th February, 1954.

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#### Notes on Clauses

*Clause 2* continues for the financial year 1954-55, the rates of income-tax and super-tax applicable in 1953-54 without any change.

*Clause 3* amends certain sections of the Indian Income-tax Act extending by two years upto 1956 pending the report of the Taxation Enquiry Commission, the concessions which are to expire on the 31st March, 1954. The concessions whose period has been extended are:—

(i) exemption of foreign profits chargeable on remittance only in the case of a resident person;

(ii) exemption for two years of income from property built before the 1st April, 1956;

(iii) initial depreciation allowance at the rate of 15 per cent. in the case of buildings completed before the 1st April, 1956;

(iv) exemption available under section 15-C if production is commenced before the 1st April, 1956.

Exemption is also being given in respect of interest payable outside India to a non-resident on a loan issued for public subscription outside India. Interest on such loans was intended to be exempted when the law was amended in 1939, but somehow the intention was not carried out and the exemption was given by executive orders.

*Clause 4* makes two amendments in the Estate Duty Act, 1953, with retrospective effect from the 15th October, 1953, from which date the Act came into force.

The first amendment is for removing any doubt that the charge is on the estate which passes *including* the estate which is deemed to pass on a person's death, particularly as a number of clauses refer also to property deemed to pass on death.

The second amendment is to restrict the exemption given by clauses (f) and (g) of section 33 of the Act. The intention has always been that the aggregate exemption under clauses (f) and (g) should be fifty thousand rupees and not fifty thousand in each case.

*Clause 5*—Sub-clause (1) seeks to impose certain new duties & to vary certain existing duties. The main changes are,—

(a) the duty on betel nuts is being increased from 9½ and preferential to Re. 1 preferential with corresponding adjustment in the standard rate;

(b) increased duties are being imposed on miscellaneous items, such as iron bolts and nuts, electric fans, spectacle frames, and quinine is made dutiable;

(c) having released ourselves from GATT in respect of cassia, it will now be assessed in the same manner as other spices.

(d) the existing preference in respect of motor cars and parts and motor car batteries of United Kingdom origin is also being removed.

Sub-clause (2) seeks to clarify the legal position in respect of the import duty on cassia. Under Act I of 1949, the import duty on cassia is to hold good until the 31st March, 1954, but the amendment is being brought into force immediately as a matter of convenience.

*Clause 6* continues for another year the existing surcharges on customs duties.

*Clause 7* seeks to maintain for another year the *status quo* in regard to the commitments under GATT, pending finalisation of the negotiations.

*Clause 8* imposes new excise duties on rayon or artificial silk fabrics, cement, soap and footwear and also makes consequential changes in the existing definition of cloth. The existing duties on cotton cloth are also increased.

*Clause 9* makes a consequential amendment in the definition of cloth contained in the Khadi and Other Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953, and also enables a levy of a cess of 0-0-3 per yard to be made on rayon or artificial silk fabrics.

*Clause 10* continues for another year the surcharge on certain excise duties imposed by the Finance Act, 1951.

*Clause 11* seeks to bring under the new excise duties rayon or artificial silk fabrics, cement, soap and footwear which may be lying in stock in the manufacturing premises on the 28th February, 1954.

*Clause 12* maintains the discontinuance of salt duty for another year.

M. N. KAUL,  
Secretary.